

SECRET

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MEMORANDUM FOR: Deputy Director for Plans
Deputy Director for Science and Technology

SUBJECT : Contracting Policy to Guide Decentralized Procurement

1. Considerable progress has been made to date in implementing the recommendations approved by the Director on 26 April 1967 concerning the establishment of a decentralized procurement system for the Agency. The Agency Contract Review Board was established on 1 September 1967 and has met regularly, as the volume of work demanded, since that date. A "Contracting Team" consisting of Procurement, Security, and Audit Officers has been in place in the Technical Services Division, DD/P, since 1 September 1967 and, upon the availability of space in January 1968, a similar Team will be assigned to the Directorate of Science and Technology. Considerable work has also been accomplished on an Agency-wide Contract Management Information System, and we expect it to become operational in the near future.

2. One of the recommendations approved by the Director on 26 April 1967 reaffirmed the responsibility and authority of the Director of Logistics as the senior Agency Contracting Officer and, accordingly, he retains the responsibility of developing and supervising the policies under which contracting with Agency-appropriated funds is conducted. Certain policy adjustments, and the manner of enunciating such policy, are necessary in order to transpose successfully from our former centralized to our current decentralized procurement system. While the ultimate responsibility for the establishment of these policies resides with the Director of Logistics, a mechanism has recently been established to discuss proposed policy changes with the appropriate senior Procurement Officers in the Directorates so that their experience may be brought to bear in discussing such changes before they become effective. A weekly meeting, chaired by the Deputy Director of Logistics and attended by the senior Procurement Officers of the Agency, is now being conducted where all proposed policy changes are discussed and, to the degree possible, the policies do and

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as they develop. At some future time these will be reflected in Agency regulations. In the interim, while we are still developing the new decentralized procurement system, it is believed that this informal management device offers the greatest potential to make further advances without becoming unduly rigid. There are attached the first four such "Procurement Notes," the contents of which have all been discussed with the aforementioned group and, in these particular four cases, have met with unanimous approval. The purpose of this memorandum is to inform you as to the method in which decentralized procurement policy is now being developed. Future "Procurement Notes" will be forwarded directly to the senior Procurement Officers on duty in your Directorates.

R. L. Bannerman
Deputy Director
for Support

4 Atts

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